

Appendix C

2002 Qualified Allocation Plan

INDIANA HOUSING FINANCE AUTHORITY 2002 QUALIFIED ALLOCATION PLAN



Rental Housing Tax Credits (RHTC) • Multifamily Private Activity Tax-exempt Bonds • 501 (c)3 Bonds
HOME in Conjunction with RHTC • Low Income Housing Trust Fund in Conjunction with RHTC

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December 17, 2001

Dear Potential Applicant:

Thank you for your interest in the Indiana Housing Finance Authority's Rental Housing Tax Credit ("RHTC") program. Enclosed is the Qualified Application Plan and Application ("QAP") for the year 2002. The IHFA staff with the development and investment community spent many hours refining, reconsidering, and revising this package. We took into consideration such things as comments from past and current applicants, observations of common mistakes made on applications received in 2001, and feedback gathered both through the mail and at the public hearing. We appreciate the input that our partners provided in this effort. We hope these revisions make it easier for potential applicants to participate in the RHTC Program.

The purpose of the Rental Housing Tax Credit program is to provide funding for affordable rental housing in the State of Indiana. Applicants are encouraged to use this resource effectively, efficiently, expeditiously and in compliance with Section 42 of the Internal Revenue Code as well as the QAP. In particular, our scoring criteria evaluates applications based on:

- the constituency served by the development,
- development characteristics,
- development financing,
- development market, and
- other criteria beneficial to the development of affordable housing.

We look forward to working with you and your organization to create decent, safe and affordable housing for the residents of Indiana.

Sincerely,

Kimberly A. Green

Kimberly A. Green
Executive Director



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2002 Qualified Allocation Plan ("Allocation Plan") for the State Of Indiana

This "Allocation Plan" constitutes the "qualified allocation plan" for the State of Indiana (the "State"), and is intended to comply with, the requirements set forth in Section 42 of the Internal Revenue Code of 1986, as amended, including all applicable rules and regulations promulgated there under (collectively, the "Code"). As used herein, "Applicant" shall include any owner, principal and participant, including any affiliates. This Allocation Plan applies to all allocations of rental housing tax credits (RHTCs) pursuant to Section 42 of the Code, multifamily private activity tax-exempt bonds ("Bonds"), 501 (c) 3 Bonds, HOME Investment Partnership funds ("HOME"), and the Low Income Housing Trust Fund ("LIHTF") in conjunction with RHTC's (collectively "Rental Housing Financing Programs") made in calendar year 2002 and sets forth: (1) the role of the Indiana Housing Finance Authority ("Authority") in administering the Rental Housing Financing Programs; (2) a description of how the Authority has assessed the housing needs in the State and how such needs should be adequately addressed; (3) housing goals of the Authority based on the perceived needs throughout the State; (4) "set aside" categories established by the Authority pursuant to the Code and Indiana law to further the accomplishment of the State's housing goals; (5) minimum requirements which all Applicants and housing Developments must satisfy in order to be considered by the Authority for Rental Housing Financing; and (6) evaluation factors which the Authority will consider in analyzing each application that satisfies all applicable minimum requirements.

A. Role of Authority

The Authority is empowered to act as the housing credit agency for the State to administer, operate and manage the allocation of RHTCs also known as the Low-Income Housing Tax Credit program pursuant to Section 42 of the Code and this Allocation Plan.

The actions, determinations, decisions or other rulings made by the Authority pursuant to this Allocation Plan shall not be construed to be a representation or warranty by the Authority as to a Development's compliance with applicable legal requirements, the feasibility or viability of any Development or of any other matter whatsoever, and no action of the Authority shall be relied upon by any person as a representation or warranty by the Authority in connection therewith.

The Authority reserves the right to resolve all conflicts, inconsistencies or ambiguities, if any, in this Allocation Plan or which may arise in administering, operating or managing the allocation of Rental Housing Financing Programs. The Authority in its sole discretion reserves the right to, and may from time to time, amend this Allocation Plan, pursuant to the Code, for any reason including to assure compliance with applicable federal, State or local law and regulations there under which may be amended and/or enacted and promulgated, from time to time and/or to terminate the Program.

The selection criteria set forth in this Allocation Plan includes, in part, consideration of: (1) Development location; (2) housing needs characteristics; (3) Development characteristics; including whether the Development includes the use of existing housing as part of a community revitalization plan, (4) sponsor characteristics; (5) tenant population with special housing needs, (6) the existence of a public housing waiting list, (7) tenant populations of individuals with children, and (8) Developments intended for eventual tenant ownership.



This Allocation Plan:

1. Has been established by the Authority utilizing the selection criteria required by the Code in determining housing priorities of the Authority, which are appropriate to local conditions;
2. Gives preference in allocating Rental Housing Financing among selected Developments which:
 - a. Serve the lowest income tenants and will set-aside units for tenants at or below 30% of area median income and area median rent levels, and provide documentation that it has the financial and supportive capacity, in the opinion of the Authority, to make the Development financially viable for the compliance period;
 - b. Are obligated to serve qualified tenants for the longest period;
 - c. Minimize displacement of existing tenants;
 - d. Are located in qualified census tracts ("QCTs") and/or difficult development areas ("DDAs") (as designated by the Secretary of the Department of Housing and Urban Development ("HUD")) and the development of which contributes to a concerted community revitalization plan;
 - e. Substantially upgrades and preserves existing low income housing and is a part of a published community revitalization plan;
 - f. Are obligated to serve tenant populations with special housing needs.
3. Provides procedures that the Authority (or an agent or other private contractor of the Authority) will follow in monitoring for noncompliance with the provisions of the Code and in notifying the Internal Revenue Service of such noncompliance when the Authority becomes aware of and in monitoring for noncompliance with habitability standards through regular site visits.

B. Housing Needs Assessment

The Authority has utilized various sources of information available to it in assessing the State's low-income rental housing needs. The Authority has identified three principal demographic areas in the State: (1) "Large City Areas"-consisting of cities which are the State's largest populated cities; (2) "Small City Areas"-consisting of cities with a population of 10,000 or more, but not one of the largest populated cities in the State; and (3) "Rural Areas"-consisting of all other areas. The Authority has determined that the following housing needs and conditions should be addressed in this Allocation Plan:

1. Rental housing conditions related to lack of essential facilities, overcrowding and disproportionate costs exist across the State, although needs in Large City Areas may exceed those in Small City and Rural Areas.
2. There is an inadequate supply of affordable housing units for single-parent families, low-income persons generally and for low-income elderly, and persons with disabilities and families needing three or more bedroom units.

3. A need exists to provide transitional housing for homeless families with children, the homeless mentally ill and other homeless groups while they receive training and support services necessary to make the transition to independent living.

C. Housing Goals

After considering the housing needs identified, the Authority has established certain housing priorities for the allocation of RHTCs to better enable the Authority to achieve its housing goals. In connection therewith, the Authority seeks to encourage and promote:

1. Developments which will require an allocation of Rental Housing Financing for the acquisition (if applicable), development and/or rehabilitation of such Development to become a reality.
2. Developments which will be of quality design, feasible financially and otherwise, and viable as a qualified low-income housing Development throughout the compliance period.
3. Distribution of Rental Housing Financing among Large Cities, Small Cities and Rural Areas, while emphasizing those areas identified as having greater housing needs.
4. Rehabilitation which substantially upgrades and preserves existing low-income housing and is part of a published community revitalization plan.
5. Developments, which meet special needs in a community or area such as transitional housing for the homeless, larger families, or specially equipped Developments for the elderly and disabled including mixed income.
6. Developments, which provide housing for the lowest income households for the longest period of time possible and provide **optional** supportive services.

D. Set-Aside Categories

The Authority believes it can best achieve its housing goals by establishing set-aside categories based on: (i) development by qualified not-for-profit organizations; (ii) special housing needs, (iii) Development location, (iv) Preservation and (v) Developments which serve the lowest income. More than one (1) set-aside category may be addressed by a Development, depending upon the location, characteristics and whether the owner is a qualified not-for-profit organization. (Note: There are no set-aside categories for Bond financed Developments.)

The set-aside categories, their respective requirements and amount of the annual RHTCs allocated to each are as follows:

1. Qualified Not-for-profit
 - a. 15% of available annual RHTCs will be set aside for Developments in which the "qualified not-for-profit organization owns 100%" of the general partner interest and materially participates in its operations, as such terms are defined in and pursuant to Section 42 of the Code and this Allocation Plan. Refer to Section E (1) c Not-for-profit Organization Requirements. [Note: 100% general partner ownership interest is only required for consideration in this set-aside and does not preclude joint ventures in any other set-aside].

2. Special Housing Needs

- a. 10% of available annual RHTCs will be set aside for units that provide residential housing for persons with a disability, pursuant to *Indiana Code ("IC") 5-20-1-4.5*, which defines disabled as a “person with a disability who, by reason of physical, mental, or emotional defect or infirmity, whether congenital or acquired by accident, injury, or disease, is totally or partially prevented from achieving the fullest attainable physical, social, economic, mental, and vocational participation in the normal process of living.” The Authority shall allocate RHTCs under this section based on the proportionate number of set aside units of a qualified building that is used to provide residential housing for persons with disabilities.
- b. 10% of available annual RHTCs will be set aside for Developments specifically designed for use by elderly tenants. Elderly is defined, for the purpose of this Allocation Plan, as those persons 55 years of age or older on or before the date of initial occupancy. No less than eighty (80%) of the housing units shall be restricted for and solely occupied by at least one resident in each unit who is 55 years of age or older (Owners considering and/or receiving an allocation under this set aside should be familiar with the Housing For Older Persons Act (an amendment to the Fair Housing Act) and the Implementation of the Housing For Older Persons Act Final Rule.)

3. Development Location

- a. 20% of available annual RHTCs will be set aside for Developments located within a Large City. For purposes of this set aside Large City is defined as a city with a population of 25,000 or more (See Schedule A). The Development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).
- b. 10% of available annual RHTCs will be set aside for Developments located within a Small City. For purposes of this set aside Small City is defined as a city with a population of 10,000 – 24,999 (See Schedule B). The Development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).
- c. 10% of available annual RHTCs will be set aside for Developments located in areas designated as "rural", with a population of 9,999 or less.

4. Preservation

- a. 10% of available annual RHTCs will be set aside for Developments which involve the substantial rehabilitation of a currently occupied low income housing Development with a minimum 25% occupancy rate and/or a Development otherwise in danger of being lost as affordable housing. This includes Developments being removed by a federal agency (i.e. HUD, Rural Development (RD)), and the conversion of existing market rate housing to affordable housing. Rehabilitation cost must be in excess of \$7,000 per unit to be considered in this category.

5. Lowest Income

- a. 5% of available annual RHTCs will be set aside for Developments, which restrict all of its units at or below 30% of the area median income.

The Authority intends to make every effort to satisfy the requirements of such set-aside categories in one (1) application and reservation cycle each calendar year. If such set-aside categories are not completed through one (1) application and reservation cycle for the applicable year, the Authority may allocate any RHTCs remaining available for allocation without regard to these set aside categories, so long as such allocation is made in accordance with the Code and the applicable requirements of the law of the State and the goals of this Allocation Plan; notwithstanding the foregoing to the contrary, upon completion of the scheduled reservation cycle (i.e., at such time as all or substantially all RHTCs available for allocation in a calendar year have been allocated, other than *de minimus* amounts of RHTCs not reasonably susceptible to allocation to a Development) the Authority, in its discretion, may either hold another application and reservation cycle or, alternatively, prepare a "waiting list" of Developments which have applied for, but which have not been awarded, RHTCs during the last scheduled cycle. If another application and reservation cycle will be held, the Authority will provide an announcement thereof. If a waiting list is prepared, the Authority shall notify each Applicant on the waiting list and, at the Authority's request, permit the Applicants to submit additional information to support the readiness of the applicable Applicant to proceed with development of the Development and to receive an award of next available RHTCs without undue risk of such RHTCs subsequently being returned to or rescinded by the Authority. Thereafter, if reasonably practicable, the Authority intends to make a final allocation of RHTCs for the applicable calendar year to Developments on the waiting list ranked according to its score and the amount of RHTC's then available. Provided, however, that: (i) the Authority shall hold if available the allocation to the set aside category for persons with a disability through October 31 of each calendar year and beginning November 1 of each such calendar year, any part of such allocation that remains unassigned shall be available for any other appropriate allocation; and (ii) the Authority may, in its sole discretion, elect in any reservation cycle not to allocate RHTCs to a Development that might otherwise qualify for an allocation of RHTCs set aside under paragraph D.1-5.above, if such Development scores ten (10) or more points less than any other Development which has received an allocation of RHTCs in such cycle without regard to such set aside categories.

E. Requirements

Each Development applying for an allocation of Rental Housing Financing shall satisfy the requirements of the Code, such additional requirements established by the Authority, the Program and those set forth in this Allocation Plan, and any additional requirements relating to the continued compliance of the Development after an allocation of Rental Housing Financing by the Authority. All material used in the Development must be new and of high quality, and all work must be performed in a good and workmanlike manner.

1. Federal Requirements

Each Development shall satisfy all requirements of Section 42 of the Code and such additional provisions of the Code and other federal laws applicable to each Development throughout the required compliance period and/or other applicable period. These requirements include, without limitation:

- a. Development Feasibility

Amounts allocated pursuant to this Allocation Plan may not exceed an amount, which the Authority, in its sole discretion, determines is necessary for the financial feasibility of a Development and its viability as a qualified low-income housing Development throughout the compliance period. In making this determination, the Authority shall consider: (i) the sources and uses of funds and the total financing planned for the Development; (ii) any proceeds or receipts expected to be generated by reason of tax benefits; (iii) the percentage of the RHTCs used or to be

used for Development costs other than the cost of intermediaries, unless such consideration would impede the process of developing in hard-to-develop areas; (iv) the reasonableness of the Developmental and operational costs of the Development; and (v) the Developmental and/or operational costs of the Development as compared to similar costs of other Applicants; (vi) such other factors it may consider applicable.

The Authority may establish such criteria and assumptions it deems reasonable for the purposes of its determination, including, without limitation, criteria as to the reasonableness of fees and profits and assumptions as to projected occupancy, the amount of net syndication proceeds to be received, and increases in operating expenses and rental income. Any determination and/or allocation of Rental Housing Financing by the Authority shall not be construed to be a representation or warranty by the Authority as to the feasibility or viability of any Development.

Pursuant to the Code, the foregoing determination shall be made at: (a) the time of application for the Rental Housing Financing; (b) the time of allocation of the RHTC equity amount; (c) anytime there is a material change to the application and/or Development; and (d) the date the building is placed in service or at time of final application (but prior to the issuance of IRS Form 8609).

b. Local Jurisdiction Notification

No Development shall be entitled to apply for any Rental Housing Financing reservation or allocation until the highest elected official (or the equivalent) of the local jurisdiction is notified and provided with a reasonable opportunity to comment on the Development. The Authority will consider the response of such official in determining any RHTC allocation for the Development.

c. Qualified Not-for-profit Organization Requirements

A not-for-profit organization shall not constitute a "qualified not-for-profit organization" if the not-for-profit organization is affiliated with or is controlled by a for profit organization. To constitute a qualified not-for-profit organization, throughout the compliance period: (i) one of the not-for-profit organization's exempt purposes must include the fostering of low-income housing, (ii) the not-for-profit organization must own an interest in the Development, (iii) the not-for-profit organization must materially participate (as defined in Section 469(h) of the Code) in the development and operation of the Development, (iv) the not-for-profit organization must comply with all other Sections of the Code applicable to not-for-profit organizations and (v) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual. Notwithstanding anything contained herein or elsewhere to the contrary, if a not-for-profit organization joint ventures or participates in a Development with a for profit organization, the not-for-profit organization shall not constitute a "qualified not-for-profit organization: within the meaning of this Allocation Plan unless the not-for-profit organization at all relevant times, (vi) owns at least fifty-one percent (51%) of the profits, losses, capital and other economic benefits to be derived from the joint venture (including developer fee), and (vii) maintains at least fifty-one percent (51%) of the voting and management control of the joint venture. The term "joint venture" includes, without limitation, the general partnership interests of a partnership and the manager interests of a limited liability company and the like. The not-for-profit must have been in existence at least one year, with affordable housing as one of its primary goals. It must submit at the time of application, Articles of Incorporation, Partnership Agreement or Operating Agreement, IRS documentation of Not-for-profit status (e.g. §501(c)(3)) and a complete signed original Not-for-Profit Questionnaire. [Note: 100% general partner ownership interest is only required for participation in the qualified not for profit set-aside and does not preclude joint ventures in any other set-aside].

d. Private Activity Tax-Exempt Bond Financing

Pursuant to the Code, Developments that do not receive a direct allocation from the Authority because such Developments qualify for the four (4%) percent RHTCs pursuant to the Code (by virtue of being 50% or more financed with tax-exempt obligations issued after December 31, 1989), must satisfy and comply with all requirements for an allocation under this Allocation Plan and Code. See Schedule H - Private Activity Tax-Exempt Bond Requirements.

[Note: A Development that has applied for and/or received an allocation of tax-exempt bond authority will not be eligible for an allocation of nine (9%) percent RHTCs for said Development. Further, a private activity tax-exempt bond-financed Development will not be eligible for IHFA HOME or LIHTF funding.]

e. Market Study

All Developments must submit a comprehensive market study of the housing needs of low-income individuals in the area to be served by the Development; satisfactory to the Authority at the time the initial Application is submitted. See Schedule F - Market Study Requirements. The market study must be prepared at the developer's expense by a disinterested third party. Sufficient demand in the market area of the Development must exist and, based on reasonable predictions, will continue to exist during the term of the compliance period or other applicable period, for the number of units to be developed.

f. Public Disclosure

The Authority will provide a written explanation to the general public for any allocation of RHTCs, which is not made in accordance with the established goals, priorities and selection criteria in this Allocation Plan.

2. Additional Threshold Requirements of the Authority

For a Development to be evaluated for an allocation of RHTCs, each of the following requirements must also be satisfied:

- a. The Development applicant/owner, developer, management agent and other members of the Development team as provided in the Rental Housing Finance Application must demonstrate sufficient financial, development and managerial capabilities to complete the Development and maintain them for the compliance period and other applicable period.
- b. Within one year prior to a request for and issuance of IRS Form 8609 the property management staff assigned to the Development and the owner of the Development must receive an IHFA Rental Housing Tax Credit Compliance Seminar completion certificate. The Management Agreement between the owner and the management company must be for a minimum of two (2) years effective at the "placed in service date", as evidenced in the management agreement. Upon notification to the Authority, a substitution of management agent prior to the two (2) year period may be permitted in the sole discretion of the Authority if the management agent is guilty of material nonperformance of duties.
- c. Prior to application submittal, the Developer must submit documentation, of its intent to develop affordable housing to the highest local elected official in the community where the proposed Development will be located. Copies of such information and any written response(s) from the local officials are a required part of the Rental Housing Finance Application.



- d. The Development team must show their readiness to proceed as demonstrated by:
- 1) The Authority's receipt of a completed "Application" in the form required by the Authority and within the time period established and set forth in this Allocation Plan. Each Application must be type written and accompanied by the appropriate application fee and all exhibits. **Any application fee returned for insufficient funds will disqualify the Application from competing for funding.** Also each member of the development team must submit a written affidavit accurately disclosing his/her complete interest in and affiliation with the proposed Development and all other RHTC funded Developments located in Indiana where they are/were a member of the development team.
 - 2) Submitting satisfactory evidence of site control. When an applicant intends to acquire a site and/or building through a government body, in the Authority's sole discretion exercised on a case-by-case basis, the Authority may accept the following documentation as sufficient evidence of site control: (i) duly adopted resolutions of the applicable commission designating the subject area; (ii) duly adopted resolutions of the applicable commission authorizing the acquisition of the land to comprise the Development; and (iii) a letter from the applicable governmental agency or development commission setting forth the acquisition schedule for such land on a time table consistent with the Applicant's readiness to proceed without undue risk of Rental Housing Financing being returned to or rescinded by the Authority.
 - 3) Submitting satisfactory schematics, survey, site plan, and floor plans for units of the Development which, to the sole satisfaction of the Authority, show the Development is of quality design providing decent, safe and sanitary housing. The Authority reserves the right to perform (through its own representatives or its agents) site visits and evaluations of the Development to determine the satisfaction of these requirements.
 - 4) Submitting information indicating ability to obtain financing or other forms of additional funding (i.e. syndication proceeds, grants, other funds available for the Development) as may be evidenced by a loan commitment letter and/or other information satisfactory to the Authority indicating the likelihood of being able to obtain such financing on a timetable consistent with the contemplated allocation of Rental Housing Financing.
- e. The Development team must provide documentation to the sole satisfaction of the Authority that shows:
- 1) The location of the Development is in an area suitable for the proposed Development and is not now, nor is it likely in the future to become, subject to uses or determinations, which could adversely affect its operation, marketability or economic feasibility. (Provide letters from developers, engineer(s), architect(s), market analyst, lender and/or equity provider detailing the above information.)
 - 2) There are or will be accessible on or before the estimated completion date of the Development, such public and private facilities (i.e. schools, churches, transportation, retail and service establishments, parks, recreational facilities and major public and private employers) which will adequately serve the proposed Development and which are necessary or desirable for use and enjoyment by the contemplated residents.
 - 3) Photographs of the site and existing structures shall be provided from all significant perspectives and show all significant nearby land uses.

- 4) The real estate upon which the Development will be located is currently properly zoned to allow for its use as a multi-family housing Development. Applicant must provide a letter from the appropriate authorized official that describes the Development location and certifies that the current zoning allows for construction and operation of the proposed Development without variance.
 - 5) At the time of application, there will be access to water, sewer, gas and/or electric to the site with sufficient capacity to satisfy the requirements of the Development. The Development shall have received a certification (acceptable to the Authority) from the appropriate entity that facilities and capacities will be timely available to satisfy the needs of the Development.
 - 6) Lender letter of interest submitted by an Applicant in support of the Applicant's application must contain a representation and acknowledgment from the lender that: (i) such lender has reviewed the same application submitted or to be submitted by the Applicant to the Authority in support of the Rental Housing Financing for the Development to which such letter of interest relates; (ii) lender expressly acknowledges that the Development will be subject specifically to the "40-60" or "20-50" set-aside, and extended use restriction elections made by the Applicant (iii) such lender has reviewed the Minimum Underwriting Criteria set forth in this Allocation Plan; and (iv) any other special use restriction elections made by the Applicant, which give rise to additional points in this Allocation Plan.
 - 7) Equity letter of interest submitted by an Applicant in support of the Applicant's application must contain a representation and acknowledgment from the equity investor that: (i) such investor has reviewed the same application submitted or to be submitted by the Applicant to the Authority in support of the Rental Housing Financing for the Development to which such letter of interest relates; (ii) such investor expressly acknowledges that the Development will be subject specifically to the "40-60" or "20-50" set-aside, and extended use restriction elections made by the Applicant (iii) such investor has reviewed the Minimum Underwriting Criteria set forth in this Allocation Plan; and (iv) any other special use restriction elections made by the Applicant, which give rise to additional points in this Allocation Plan.
- f. The characteristics of the site (e.g. size, topography, terrain, soil and sub-soil conditions, environmental, vegetation and drainage conditions) must be suitable for the construction, rehabilitation and operation of the proposed Development. No Development will be considered if any of the buildings are or will be located in a 100-year flood plain or on a site which has unresolved wetlands problems, or contains hazardous substances, or the like.
- g. At the time an Applicant files an Application with the Authority, eligible development costs expended or incurred towards the Development and/or acquisition shall not exceed fifty percent (50%) of the total estimated eligible development costs, unless the Authority determines that:
- 1) Rental Housing Financing is necessary for the Development to be completed; and
 - 2) The Development is located in either (a) a "qualified census tract" or (b) "difficult Development area", as designated by the U.S. Secretary of Housing and Urban Development ("HUD"). You may also view the information on HUD's website at: www.hud.gov; and
 - 3) Less than sixty-five percent (65%) of the estimated qualified eligible costs have been expended or incurred; and

- 4) The Development will contribute to the accomplishment of the Authority's housing goals and priorities.
- h. Applicant(s) proposing Developments consisting of five (5) or more units must complete and submit HUD Form 935.2 Affirmative Fair Housing Marketing Plan ("Plan") (See Schedule G) at the time of initial application. Applicant must obtain approval from HUD and/or Rural Development (RD) within one (1) year after the Placed in Service date. A copy of the approved Plan must be submitted to the Authority within thirty (30) days of receipt.
 - i. All applicable conditions and requirements of State and local laws, statutes, regulations, ordinances and other proper authorities in the State, including, without limitation, the requirements specified in the Application, the Indiana Handicapped Accessibility Code as amended, and such additional items which may be required by the Authority (collectively, "State Laws"), shall be satisfied.
 - j. The Development has been designed to comply with the requirements of all applicable local, state and federal fair housing and disability-related laws. The Development design should consider at a minimum, the applicability of the local building codes, Federal Fair Housing Act, as amended the Americans with Disabilities Act, and the Rehabilitation Act of 1973, as amended. The Applicant and architect who has designed the Development will be required to submit an affidavit that certifies the Development complies with all applicable requirements.
 - k. Applicants who perform rehabilitation work on pre-1978 Developments (i.e. buildings) are required to comply with the Lead Based Paint Pre-Renovation Rule (Lead PRE). (For more information visit www.epa.gov/lead or contact your local Environmental Protection Agency (EPA) Regional Office.)
 - l. Developments proposing commercial areas within the building or on the property utilizing Rental Housing Financing will be given consideration. The Application must include the following additional information and documentation: (i) a detailed, square footage layout of the building and/or property identifying all residential and commercial areas; and (ii) a time-line for complete construction showing that all commercial areas will be complete prior to the residential areas being occupied. Further, construction must be in strict compliance with plans and specifications that have been previously approved by the Authority and which strictly follow the initial layout. Finally, all commercial uses must be included in the Declaration of Extended Rental Housing Commitment ("DERHC").
 - m. The Development team must satisfactorily demonstrate that all prior findings and assessments against all Applicants and its principals, participants and affiliates have been satisfied.
 - n. The Authority will not consider or review more than one Application for the same Development or for substantially the same or similar costs submitted by a related Applicant with respect to a particular reservation and application cycle. Submission of more than one Application shall cause the cancellation of any pending Application earlier awarded. Request for supplemental RHTCs will only be permitted after all available Developments have been funded. The Authority will notify the public if RHTCs are available for supplemental credits. However, supplemental credits will only be considered for allocations made in the same year.
 - o. If any portion of the RHTCs are being used to acquire the development, the Applicant at the time of initial application must submit a copy of the Development's fair market appraisal. RHTCs and/or acquisition eligible basis will be calculated based on the lesser of the actual amount paid for the building or the appraised value. (See Appendix F – Market Study and Fair Market Appraisal Requirements).

- p. All rehabilitation Developments requesting Rental Housing Financing must submit with their Rental Housing Finance Application a capital needs assessment in the format required by the Authority. (See Appendix J - Capital Needs Assessment).
- q. Applicants applying for Rental Housing Financing are required to notify the Authority in writing at least 10 business days prior to the application deadline date. (Notification may be provided via facsimile – Attention: Tax Credit Allocation Department.) Notification must include Applicant name, contact person and telephone number, the site location including city and county (include detailed map and narrative with directions from Indianapolis, IN to site), estimated amount of all funding and type (i.e. HOME, AHP, LIHTF, etc.) to be requested, and set-aside(s) Development will compete in, construction type (new construction, rehabilitation and/or acquisition rehabilitation).

Applicants who do not submit a letter of intent by the appropriate due date will not be eligible to apply for funding in that round. Applicants may change the information provided in the notification of intent after it is submitted, but the letter should be a good faith estimate of the anticipated request.

- r. Upon request the Applicant shall provide a completed IRS Form 8821, Tax Information Authorization for each owner/general partner and if applicable, the controlling entity of the general partner at least 10 business days prior to the application deadline date along with the Notification of Intent to Apply for Financing. The form must be signed by an authorized individual on behalf of the owner.
- s. Minimum Underwriting Requirements
- 1) Operating Expenses - \$2,700-3,000/unit or 35% of Gross Income whichever is greater
 - 2) Management Fee (including tax credit compliance fee) – 5-7% of “effective gross income” (gross income for all units less Vacancy Rate).
 - 1-50 units 7%,
 - 51-100 units 6%, and
 - 100+ units 5%
 - 3) Vacancy Rate – 5 - 7%
 - 4) Rental Income Growth – 1-2%/year
 - 5) Operating Reserves - four (4) months of operating expenses plus debt service
 - 6) Replacement Reserves - \$250-300 per unit
 - 7) Operating Expense Growth –2 - 3%/year
 - 8) Stabilized debt coverage ratio minimum of 1.15, maximum of 1.35

Development Type	Operating Reserves	Operating Expense	Replacement Reserves
New Construction	4 months of debt + operating expenses	\$2700/unit	\$250/unit
Rehab	4 months of debt + operating expenses	\$3000/unit	\$300/unit
Adaptive Reuse	4 months of debt + operating expenses	\$3000/unit	\$300/unit
Bonds w/Tax Credits	4 months of debt + operating expenses	\$2700/unit-New \$3000/unit-Rehab \$3000/unit-Adaptive Reuse	\$250/unit New \$300/unit-Rehab \$300/unit Adaptive Reuse

Scattered site Developments and/or Developments with larger units (3+ bedrooms) should consider adding an additional amount per unit for replacement and operating reserves.



NOTE: Amount to be set aside for operating reserves should be included in both the lender and equity provider letter(s) of interest or commitment. Applicants proposing operating reserves less than four (4) months must justify this proposal. Any deviation of the underwriting requirements of the Authority must be justified in writing.

All Applicants must submit at least two forms of data supporting the operating expenses stated in the proforma (for example, database information, comparable Development information, IREM statistics) and two forms of data supporting the replacement reserves.

All information submitted to the Authority pursuant to this Allocation Plan must be satisfactory to the Authority in its sole and absolute discretion. If the Authority requests additional information from an Applicant, such information must promptly be submitted within timeline(s) determined by the Authority.

3. User Eligibility and Limitations

a. Applicant and Development Limitations

During any calendar year, the amount of RHTCs, which may be reserved for allocation (including any transfers of RHTCs during the applicable calendar year) to any person, entity, or Applicant, may not exceed \$1,500,000. Provided, however no Development shall receive more than \$750,000 of RHTCs in any calendar year. Such limitation shall be subject to review and modification by the Authority. [Excluding Developments financed with Bonds and 4% RHTCs.]

If the Authority determines that it is in the interest of the State to allocate additional RHTCs to such person, entity or Development, then the Authority may waive such limitation.

b. Developer Fee Limitations

The amount of developer fees ("Developer Fees") allowable, for purposes of determining the amount of RHTCs to be allocated with respect to each Development, shall be limited to 15% of the total development costs, excluding the Developer Fee and the cost of land. Developments with 25 or fewer units, the maximum Developer Fee will be restricted to 20% of the total development costs excluding the Developer Fee and the cost of land. The Authority will monitor both hard and soft costs of the Development compared to Developments of similar size and location and in its sole discretion reduce the total Developer Fee, which will reduce the amount of any RHTC allocation.

NOTE: Consultant Fees will be considered part of the Developer Fee.

When determining the amount of Credit necessary to make a Development financially feasible, the Authority will include the deferred Developer Fee as a source of funding.

To be included in RHTC basis, deferred developer fee must be due and payable at a date certain. Fees may be paid as a cash flow loan if it can be demonstrated that the fee can and will be paid in a reasonable amount of time (generally considered to be ten (10) to fifteen (15) years). If fees are permanently contributed to the Development, they must be paid to the developer and then contributed to the Development if the fees are to be included in RHTC basis.

Applicant must include a statement describing the terms of the deferred repayment obligation to the Development including any interest rate charged and the source of repayment with the application. Nonprofit organizations shall include a resolution from the Board of Directors allowing such a deferred payment and interest obligation to the Development. The Authority will require a note evidencing the principal amount and terms of interest and repayment of any deferred repayment obligation be submitted at the time of final cost certification.

c. Contractor Fee Limitations

Contractor fees ("Contractor Fees") shall also be limited, for purposes of determining the RHTC amount to be allocated, based on the amount of total costs incurred toward the construction or rehabilitation of the Development, excluding Developer and Contractor Fees. The Contractor Fee limitations are as follows:

Contractor Fees	Contractor Fee % Limitation
General Requirements	6% of total costs
General Overhead	2% of total costs
Builder's Profit	6% of total costs
Total	14 % of total costs

The Authority will permit savings in a particular Contractor Fee line item to offset overruns in other Contractor Fee line items; provided, however, that in any event the total Contractor Fees shall not exceed 14%.

NOTE: Any increase in Developer and/or Contractor fees after the conditional allocation of RHTCs must be approved by the Authority prior to Final Application and a request for IRS Form 8609. However, no increase will be permitted higher than the above stated limitations.

4. **Compliance Monitoring and Evidence of Compliance with Other Program Requirements**

Every Applicant, Principal, affiliates and/or Development Team member (collectively, "Development Team") with any ownership interest in a low-income housing Development which has received an allocation of RHTCs by the Authority since the inception of the RHTC program (January 1, 1987), must cooperate and comply with the Authority's compliance monitoring procedures. The Authority's monitoring procedures and requirements are set forth in the RHTC Compliance Manual, a copy of which is attached as Schedule D to this Allocation Plan and made a part hereof. If, in the sole discretion of the Authority, any Development Team member has materially failed to comply with the procedures and requirements of the Authority, or any of its programs, the Code or any other governmental program, including, but not limited to, HUD and/or HUD funded programs: (i) the Authority may withhold or reduce, in whole or in part, Rental Housing Financing for which application is made, irrespective of whether the withheld or reduced funding relate to the Development to which the noncompliance relates; and (ii) in addition, if the Applicant's noncompliance is chronic and/or egregious in nature, the Authority may refuse to accept for filing and/or otherwise refuse to consider all or any part of the Applicant's pending or future applications for funding until such time as the Authority decides otherwise. All of the Development Team members with an ownership interest must disclose any non-compliance issue(s) and/or loan defaults with all Authority programs (including private activity tax-exempt bonds) in which it has participated in or received funds for including those issues that have been corrected since RHTC program inception. Failure to disclose could result in the loss of RHF funding.

5. **Rental Housing Financing Returned by Applicant**

If Authority funding previously reserved and/or allocated to a Development is returned to or rescinded by the Authority, then up to ten (10) points may be deducted by the Authority from the total points otherwise scored on the next application submitted by the Applicant (or its principals). The Authority, in its sole and absolute discretion, shall have the right to grant a waiver from the foregoing points deduction for good cause shown by the Applicant. No such waiver will be granted unless on or before October 1 the Applicant furnishes the Authority with a written request for such waiver at the time the Credits are returned and/or rescinded specifying therein with specificity satisfactory to the Authority the reasons thereof. All requests for return of fees paid to the Authority for said Development will be denied.



6. Receipt of Rental Housing Financing

Applicant(s) receiving Rental Housing Financing must satisfy at time of final application all scoring criteria they received points for unless otherwise approved by the Authority in writing.

F. Evaluation Factors

The Authority has developed five (5) categories of criteria, based on the needs assessment conducted and the housing goals established by the Authority. If an Application satisfies all applicable requirements, then it will be evaluated and scored based on: (1) the constituency served by the Development (i.e. mixed income tenants, special needs population) being 35 possible points; (2) Development characteristics being 36 possible points; (3) financing being 5 possible points; (4) market being 15 possible points; and (5) other being 9 possible points. Consequently, there are 100 possible points. No RHTC allocation shall be awarded to any Development, which scores below a total of forty (40) points under this Allocation Plan. (This includes Developments utilizing Private Activity Tax-Exempt Bonds.) The Authority reserves the right not to allocate funding to a Development that scores ten (10) or more points less than the nearest Development receiving Rental Housing Financing. A written explanation will be made available to the general public for any funding of a housing credit dollar amount, which is not made in accordance with established priorities and selection criteria in this Allocation Plan.

1. Constituency Served

All Developments must meet the minimum set-aside requirement for Section 42 with election of the “40-60” or the “20-50” set-aside.

a. Serves Mixed Income Tenants

If the Development intends to serve tenants with maximum household incomes lower than the area median income (“AMI”) required by Section 42 of the Code and maintain rents for units at a level not to exceed the maximums as published in Appendix G and H, points will be awarded as follows:¹

<u>Percent of total units set-aside at or below 30% AMI</u>	<u>Points</u>
5-10%	2
11%-+	5

Maximum Number of Points	5
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<u>Percent of total units set-aside at or below 40% AMI</u>	<u>Points</u>
15-20%	2
21%+	5

Maximum Number of Points	5
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¹ The term “set-aside” shall mean and require that units designated as “set-aside” for a specific population may be used only for the identified population and for no other. If qualified tenants in the designation population are not available, the unit(s) must remain vacant. The Authority will not consider waiving or modifying any set-aside request until units have been placed in service for a minimum of eighteen months.

<u>Percent of total units set-aside at or below 50% AMI</u>	<u>Points</u>
20-30%	2
31%-50%	5
51% or more	10

Maximum Number of Points	10
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You will not be permitted to utilize the unit's set-aside at one AMI to also be awarded points for another AMI category unless all units are designated at one set-aside (i.e., If all units are designated at 30% AMI, maximum points in the 30%, 40%, and 50% AMI categories will be awarded. If all units are designated at 40% AMI, maximum points in the 40% and 50% AMI categories will be awarded).

b. Market Rate Units

If the Development provides for a mixture of market-rate units (market rate units are those units that will not be reserved for Qualified Low Income Tenants) then points will be awarded in accordance as follows:

<u>Percent of Market-Rate Units</u>	<u>Points</u>
5-10%	2
11%+	5

Maximum Number of Points	5
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c. Homeless Population

Applicant has committed in writing to “**set-aside**” a percentage of the total units in the Development as housing for the homeless while they receive training and supportive services necessary to make the transition to independent living. Homeless is defined as a individual or family that lacks a fixed, regular, and adequate nighttime residence; or an individual or family that has a primary nighttime residence that is: (1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); (2) an institution that provides a temporary residence for individuals intended to be institutionalized; or (3) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This term does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law. A written referral agreement must be in place with a qualified organization that provides and has the capacity to carry out services to the homeless and a certification of commitment. Points will be awarded based on 1 point for each percentage set-aside up to a maximum of 5 points.²

NOTE: A building not used primarily for the homeless must have a minimum 6-month lease.

Maximum Number of Points	5
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² The term “set-aside” shall mean and require that units designated as “set-aside” for a specific population may be used only for the identified population and for no other. If qualified tenants in the designation population are not available, the unit(s) must remain vacant. The Authority will not consider waiving or modifying any set-aside request until units have been placed in service for a minimum of eighteen months.

d. Persons with Disabilities

Applicant has committed in writing to **set-aside** a percentage of the total units in the Development to qualified tenants who meet the State definition of disabled as provided in IC 5-20-1-4.5 and must equip each unit to meet a particular person's disability need at no cost to the tenant. A written referral agreement must be in place with a qualified organization that provides services for persons with disabilities. Points will be awarded based on 1 point for each percentage set-aside up to a maximum of 5 points.²

Maximum Number of Points	5
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The Authority encourages owners to disperse all low-income units evenly among buildings and units in a mixed income, multi-building Development.

2. Development Characteristics

a. Unit Types

- 1) A Development that has 30% or more of the RHTC units with two (2) bedrooms will receive 2 points.

or

A Development that has 50% or more of the RHTC units with two (2) bedrooms will receive 5 points.

Maximum Number of Points	5
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- 2) A Development that has 20% or more of the RHTC units with three (3) bedrooms will receive 2 points.

or

A Development that has 30% or more of the RHTC units with three (3) bedrooms will receive 5 points.

Maximum Number of Points	5
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- 3) A Development that has 5% or more of the RHTC units with four (4) bedrooms will receive 2 points.

or

A Development that has 10% or more of the RHTC units with four (4) bedrooms will receive 5 points.

Maximum Number of Points	5
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[Elderly Developments will not receive points for three (3) or four (4) bedroom units.]



b. Development Design

Based on the Development schematics, as set forth in the site plan and a letter from the Architect on his/her letterhead certifying the existence of amenities. The Authority will award points in this category based on 5 point for a minimum of 5 amenities. Amenities must be for “all” units and be appropriate for the proposed tenant population.

Wall to wall carpeting (living area)	Playground (family only)	Security camera - all entrances
Individual porch/patio/balcony	Hardwood floors	50% or more brick exterior
Laundry facilities in each building	Steel Frame	Fire walls
Sound proof interior	Garage	Washer/Dryer hook-up
Washer & Dryer	Security alarm	Emergency pull cords/call button (elderly only)

Maximum Number of Points

5

c. Unit Size

As provided in the Rental Housing Finance Application the net square footage is defined for the purpose of this scoring criteria to be the total livable space within the interior walls of the unit (this excludes garages, balconies, exterior storage and Development common areas). Points will be awarded based on ALL of the proposed units that meet or exceed the minimum net square footage within a specific unit type.

Development Type	Eff./0 BR units minimum net sq. ft.	One BR units minimum net sq. ft.	Two BR units minimum net sq. ft.	Three BR units minimum net sq. ft.	Four + BR units minimum net sq. ft.
New Const.	375 sq. ft.	675 sq. ft.	875 sq. ft.	1075 sq. ft.	1275 sq. ft.
*Adaptive Reuse	375 sq. ft.	675 sq. ft.	875 sq. ft.	1075 sq. ft.	1275 sq. ft.
Rehab/existing housing	350 sq. ft.	550 sq. ft.	680 sq. ft.	900 sq. ft.	1075 sq. ft.
	1 point	1 point	1 point	1 point	1 point

*Adaptive Reuse is defined as a Development with building(s) that previously served a purpose other than housing.

Note: If the Development is comprised of units that are all the same size, (i.e., all 1 bedroom units) and all units meet the minimum net square footage, all 5 points in this category may be awarded

Maximum Number of Points

5



d. Existing Structure

- 1) Development converts a percentage of total square footage in a vacant structure (s) into affordable rental housing. Points will be awarded as follows:

20%	1
40%	2
60%	3
80%	4
100%	5

Maximum Number of Points	5
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- 2) Development will utilize Historic Tax Credits on the residential portion of the building(s). Must provide evidence the building is individually listed in the National Register of Historic Places or have submitted a Part 1 application and received a recommendation for approval by the Indiana Department of Natural Resources Division of Historic Preservation and Archaeology. (Must include a copy of historic application and “approved” Part I). At least 50% of the total units must be located in eligible historic buildings in order for a Development to receive points in this category.

Maximum Number of Points	2
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- 3) Development is a federally assisted low-income housing Development with at least 50% of its units in danger of being removed by a federal agency from the low-income housing market due to eligible prepayment, conversion or financial difficulty. (Must include documentation from the federal agency that will no longer be assisting the Development, including why assistance is no longer available.)

Such Developments must include, but are not limited to, as determined in the Authority’s sole discretion, the following:

- (a) Preservation-eligible Developments under Title II Emergency Low Income Housing Preservation Act of 1987 (“ELIHPA”) or Title VI Low Income Housing Preservation Act of 1990 (“LIHPRHA”),
- (b) Developments with expiring Section 8 contracts, regardless of whether the Owner has given notice of its intent to allow such contracts to expire,
- (c) Developments with HUD-held mortgages,
- (d) Troubled Developments that have received assistance through the USDA Rural Development (RD) office. Applicants must provide a letter from the RD office that details the current situation for the project, and explains the need for housing RHTCs,
- (e) Developments participating in the HUD Portfolio Reengineering Program. Applicants must provide a letter of eligibility from HUD and be assigned a Participating Administrative Entity (PAE); or
- (f) Development is part of the Revitalization Plan for a HOPE VI grant that has been awarded by the U.S. Department of Housing and Urban Development (HUD).

Maximum Number of Points	3
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e. Energy Efficiency Requirements

One (1) point will be awarded for Applicants certifying the use of Energy Star rated materials and appliances. Points will award points in this category based on 1 point for a minimum of 5 Energy Star rated items. Energy Star rated items include: heating system, cooling system, windows, insulation, stove, refrigerator, dish washer, washer & dryer, and/or 30-year warranty roofing system.

Maximum Number of Points	1
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3. Financing

- a. Development has received written approval for monetary **local** government (town, city, or county) funding that specifically enhances and/or creates significant cost savings for the Development. Including but not limited to tax abatement, infrastructure, grants, land, building(s), etc. (Must disclose amount of monetary funding to receive points).

Maximum Number of Points	3
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- b. Cost per unit (defined as Total Development Cost from the Rental Housing Finance Application for RHTCs minus land cost and any historic tax credits and/or commercial costs, divided by the total number of units in the Development) is less than:

Historic Rehabilitation	\$85,000 per unit	2
New Construction	\$70,000 per unit	2
Substantial Rehab	\$75,000 per unit	2
Single Family (Infill) Scattered Site	\$90,000 per unit	2

[Note: IHFA has established a maximum per unit cost of \$95,000 for new construction and substantial rehabilitation. Single-family infill and historic rehabilitation Developments will be subject to a \$100,000 per unit maximum. If an Applicant proposes a cost per unit in excess of these maximums, the application will nevertheless, be underwritten (and the amount of RHTC's (if any) that may be allocated) using these maximum cost figures and not those in the application.]

At Final Application, the Development must meet the same cost per unit as set forth in its initial request unless: (i) the Development received no points in the "cost per unit" section; and (ii), the Development has successfully enlisted other resources to cover the increased costs. If not, the Development will in the sole discretion of the Authority, be subject to a possible reduction of up to 50% of the initial conditional allocation of RHTCs.

Maximum Number of Points	2
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4. Market

a. “Difficult to Develop Area”

Development is located in a "qualified census tract" of a metropolitan statistical area or a “difficult development area” as designated by the Secretary of HUD for the RHTC program (See Schedule C). To receive points, must provide census tract map.

Maximum Number of Points	2
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b. Local Housing Needs

Town or city with an affordable housing shortage as provided in the market study that has less than the following total RHTC and/or Bond units including those under construction.

Development location	Number of units
Large City	700 units or less
Small city	300 units or less
Rural	100 units or less

Maximum Number of Points	3
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c. Subsidized Housing Waiting List

Owner executes and provides to the Authority a written agreement with the local or regional public housing representative to give priority to households on waiting lists for subsidized or public housing.

Maximum Number of Points	3
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d. Economic Development

A Development that receives a letter from the highest local elected official that states specifically how the proposed Development will contribute to the economic need of the community and further the community’s economic goals.

Maximum Number of Points	2
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e. Community Rehabilitation Preservation

The Development’s rehabilitation will support community preservation as evidenced by a letter from the local governing jurisdiction which specifically 1) describes the Development and the plans for its preservation 2) defines the neighborhood or area; 3) describes intended uses; and 4) states the Development’s rehabilitation compatibility to the area, and materially benefits the neighborhood or area

Maximum Number of Points	3
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f. Lease Purchase

Development (which may be only single family detached structure(s)) and will offer homeownership opportunities to qualified tenants after initial 15-year compliance period (Please see IRS Rev. Ruling 95-49 and Schedule D, attached). This option is not available for elderly Developments.

Maximum Number of Points

2

5. Other

a. Minority Business Enterprise (MBE) Participation

Minority Business Enterprise, including D/MBE (Disadvantaged Minority Business Enterprise), means as an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by one or more persons who are: (a) United States Citizens and (b) Members of a racial minority group as evidenced by certification from the Indiana Department of Administration, Office of Minority Development. (The Authority understands that this Department does not issue certifications for housing. However, the certification from this Department is acceptable.) “Owned and controlled” means having for: (i) owners and developers: (a) ownership of at least 51% of the enterprise (stock of a corporation; interest in a limited liability company; or general partner of a limited partnership); (b) control over the management and active in the day to day operation of the business; (c) an interest in the capital, assets and profits and losses of the business proportional to the percentage of ownership; and, (d) materially participates in the Development or management of the Development; or (ii) contractors and management entities: (a) ownership of at least 51% of the enterprise (stock of a corporation; interest in a limited liability company; or general partner of a limited partnership); (b) control over the management and active in the day to day operation of the business; and, (c) an interest in the capital, assets and profits and losses of the business proportional to the percentage of ownership.

- | | | |
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| 1) | Owner (controlling interest in general partner) or | 1 |
| 2) | Developer, or | 1 |
| 3) | Management Entity (Minimum 2 year Contract)*, or | 1 |
| 4) | Contractor | 1 |

*Management Entity must have control over all management activities for the Development. The management agent listed on the application must be used by the owner of the Development for at least two years after Development’s completion unless the agent is guilty of material non-performance of duties. Upon notification to the Authority, a substitution of management agent prior to the 2 year period may be permitted in the sole discretion of the Authority.

OR

Women Business Enterprise (WBE) Participation

Women Business Enterprise including DWBE, (Disadvantaged Woman Business Enterprise) and DMWBE (Disadvantaged Minority Woman Business Enterprise) means as an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by one or more persons who are: (a) United States Citizens and (b) Female in gender as evidenced by certification from the Indiana Department of Administration, Office of Minority Development. (The Authority understands that this Department does not issue certifications for housing. However, the certification from this Department is acceptable.) “Owned and controlled” means having for: (i) owners and developers: (a) ownership of at least 51% of the enterprise (stock of a corporation; interest in a limited liability company; or general partner of a limited partnership); (b) control over the management and active in the day to day operation of the business; (c) an interest in the capital, assets and profits and losses of the business proportional to the percentage of ownership;



and, (d) materially participates in the Development or management of the Development; or (ii) contractors and management entities: (a) ownership of at least 51% of the enterprise (stock of a corporation; interest in a limited liability company; or general partner of a limited partnership); (b) control over the management and active in the day to day operation of the business; and, (c) an interest in the capital, assets and profits and losses of the business proportional to the percentage of ownership.

- | | | |
|----|---|---|
| 1) | Owner (controlling interest in general partner) or | 1 |
| 2) | Developer, or | 1 |
| 3) | Management Entity (Minimum 2 year Contract)*, or | 1 |
| 4) | Contractor | 1 |

*Management Entity must have control over all management activities for the Development. The management agent listed on the application must be used by the owner of the Development for at least two years after Development completion unless the agent is guilty of material non-performance of duties. Upon notification to the Authority, a substitution of management agent prior to the 2 year period may be permitted in the sole discretion of the Authority.

In support of the MBE/WBE categories, you must submit with your Rental Housing Finance Application all applicable Development, management and contractor agreements (complete with fee structure) and the names and addresses of all owners, principals and their respective affiliation.

Maximum Number of Points	2
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b. Unique Features or Circumstances

Applicant has submitted written evidence that the Development has unique features that go over and beyond and contribute to the Development of affordable housing in the community where the Development is located. This would include the unit and common area amenities. Points are awarded relative to other Developments being scored during each Application cycle.
(may be awarded ½ point increments)

Maximum Number of Points	3
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c. Services

Applicant has submitted written signed commitment(s) with qualified organizations evidencing types of **optional** services to be provided to the residents of the Development. (Examples include, without limitation, on-site day care service, credit counseling, learning centers, access to computer hardware and software, transportation, health screening, meal service, etc.) The term of the commitment, defined scope of service, cost if any to the tenants, frequency of service, and financing plan must be addressed in the commitment. Services should be tailored to the needs of the targeted clients and preference will be given to those Applicants offering the services on-site and at no cost to tenants. Consideration will be given to Applicants that provide a majority of services off-site due to special circumstances.

- 1) Applicants proposing moderate services with firm commitments for 3 years effective at the placed in service date (defined scope of services proposed, signed commitments by all parties, with some evidence of coordination, and a financing plan) will receive 1.5 points.

or

- 2) Applicant proposes exceptional services with firm commitments for 4 or more years effective at the placed in service date (wider scope of services proposed, signed commitments by all parties, with some evidence of coordination, and a financing plan), will receive 2 points.

Maximum Number of Points

2

d. Readiness to Proceed

In the sole discretion of the Authority, Developments may be awarded 2 points for submission of the following at the time of initial application:

- 1) Firm commitment for construction financing; and
- 2) Firm commitment for permanent financing; and
- 3) Firm commitment of all federal, state, and local financing or contributions to the Development; and
- 4) For Rehabilitation Developments, a letter from the municipality indicating that the relevant board or commission has reviewed the proposal including the level of rehabilitation work to be completed; and
- 5) If a historic Development approval from State Historic Preservation Office (SHPO); and
- 6) If a historic Development, submit a completed Environmental Phase I

To be considered a firm commitment, the document must contain the term(s), conditions, interest rate, disbursement conditions, security requirements, repayment provisions and be executed by the applicant and the lender. The commitment letter must contain the verbiage; “this is a firm commitment for construction/permanent financing of the referenced development”. Only conditions as noted above will be acceptable as conditions contained in the commitment letter. All other conditions must receive prior approval from the Authority at least ten (10) days before submission of tax credit application. The commitment letter must be effective for not less than the term of the application cycle plus the proposed construction period.

Maximum Number of Points

2

Notwithstanding the point ranking system set forth above, the Authority reserves the right and shall have the power to allocate Rental Housing Financing to a Development irrespective of its point ranking, if such intended allocation is: (1) in compliance with Code Section 42; (2) in furtherance of the Housing Goals stated herein; and (3) determined to be in the interests of the citizens of the State of Indiana. A written explanation will be made available to the general public.

Any Development found to be in violation of this Allocation Plan will be subject to a reduction or rescission in Rental Housing Financing, and all Development Team members may be subject to debarment of participating in all Authority financing programs for up to five (5) years.



G. Miscellaneous

1. Fees for additional services

The Authority will assess the Development and/or Applicant the reasonable costs (including any costs and fees it may incur including but not limited to Attorney, CPA, and/or consultant fees) for additional or extraordinary services requested by or required of any Applicant, or Development. All such assessments must be paid prior to any final allocation of RHTCs (i.e. the issuance of IRS Form 8609) or before any subsequent application will be considered, whichever should first occur.

2. Use of forms

The Authority **requires** the use of the forms included in the appendices. Any deviations from or changes to the language will revoke the Rental Housing Finance application and/or award. Owners who have received an allocation in prior years must use the most recent forms, irrespective of the year the allocation was received.

3. Change in Ownership

IHFA Board of Directors must approve any change in ownership or transfer request if made prior to the issuance of IRS Form 8609 for any Development that has received an allocation of Rental Housing Financing and/or Bonds.

Failure to notify the Authority of changes in ownership for RHTCs and/or Bonds after the issuance of IRS Form 8609 could result in the allocation being rescinded and/or possible non-compliance issues.

4. Development and/or Applicant/Owner Modifications

Modifications to the Development that affect threshold requirements, and/or scoring items in the Allocation Plan in any way without prior written approval from the Authority may result in a reduction and/or rescission of the Authority funding (including private activity tax-exempt bonds).

5. Issuance of IRS Form 8609 (“8609”)

IRS Form 8609(s) will only be issued once. However, in exceptional circumstances the Authority may, in its sole discretion and upon receipt of additional fees (as determined by the Authority) elect to review additional circumstances that may allow for the issuance of amended IRS Form 8609(s). All documents requested shall be submitted to the Authority in a timely manner as defined by the Authority.

Upon completion of the Development, the owner must submit at a minimum the following documentation to the Authority:

- Completed Final Rental Housing Finance Application and Cost Certification (most current version);
- Certificate(s) of Occupancy for each building in the Development, or Certificate(s) of Substantial Completion for all rehabilitation Developments;
- All permanent (closing) financing documents if available (if not must provide within ten business days of execution.);
- All construction financing documents;
- Current partnership agreement or limited liability company operating agreement, including all exhibits and schedules executed by the limited and general partners or managing member;

- Original executed recorded Declaration of Extended Low Income Housing Commitment, executed by owner, lender and the Authority;
- IHFA Rental Housing Tax Credit Compliance Seminar Certificate. Owner and management agent must have attended within the last year;
- Executed Development Agreement;
- Copy of deed showing partnership as owner;
- Photograph of completed Development (exterior and interior); and
- Any other documents that the Authority may require in determining the final amount of RHTCs to be allocated to the Development and the Development's conformance with the requirements of Section 42.

The entire final application and final cost certification package to request 8609 in a form acceptable to the Authority must be submitted as soon as possible after the Development has been placed in service but no later than six months following the issuance of the Certificate of Occupancy /Substantial Completion for the Development.

The Authority anticipates mailing out IRS Form 8609(s) up to 90 working days after the requested materials have been submitted to the Authority. Incomplete or insufficient documentation will result in a delay of the 8609 issuance.

The Authority reserves the right to defer processing requests for 8609s that are received during a RHTC competitive funding round.

6. Dissemination of Information

Any application for Rental Housing Tax Credits or Private Activity Tax Exempt bonds without attachments exhibits, are available for dissemination and publication to the general public.

To request a copy of a funded application for Rental Housing Tax Credits or Multifamily Bonds, you must:

- Submit your request in writing with a postage paid envelope for \$ 1.81 for each application request or your account number for FedEx or Airborne Express.
- The name(s) of each development.
- Include a check made payable to the Indiana Housing Finance Authority in the amount of \$ 4.40 (.10 per page) for each application. (If requesting multiple applications, multiply this amount times the number of applications you are requesting), to cover appropriate copying costs.
- Send your request to the IHFA – ATTN: Tax Credit Assistant, 115 West Washington Street, South Tower, Suite 1350, Indianapolis, IN 46204

No request will be processed without the above information. Please allow a minimum of ten (10) days for processing for each request.

List Of Schedules

A	Large Cities
B	Small Cities
C	Qualified Census Tracts (QCTs) and Difficult to Develop Areas (DDAs)
D	Rental Housing Tax Credit Compliance Manual
E	Policies and Procedures Regarding Transferability of Rental Housing Tax Credits
F	Market Study and Fair Market Appraisal Requirements
G	Affirmative Fair Housing Marketing Plan
H	Private Activity Tax-Exempt Bond Financing (“Bonds”) Requirements
I	501(c) 3 Tax-Exempt Bond Requirements
J	Procedures of Accessing HOME Funds
K	Procedures of Accessing a Trust Fund Loan
L	Application and Reservation Cycles
M	Fees

